

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS: Grade AA butter, in weekly trading, increased 7 1/2 cents to \$1.4700.

In daily cash cheese trading on Friday, December 18, barrels closed at \$1.8150 and blocks closed at \$1.9000. The barrel market declined on December 18 for the first time since August 20. The weekly average is \$1.8510 for barrels and \$1.9000 for blocks.

In daily cash nonfat dry milk trading, the close on Friday, December 18, is \$1.1525 for Extra Grade and \$1.1525 for Grade A. The weekly average is \$1.1525 for Extra Grade and \$1.1525 for Grade A.

BUTTER: Butter markets across the country are quite active as final orders are being placed for upcoming holiday needs. Lower retail prices and the holiday time of the year are leading to good volumes of bulk and print butter clearing the market. Stocks are reported to be in close balance to short of immediate needs. Heavy orders are clearing available stocks. Churning schedules are seasonally active, although some cream continues to clear to high return, seasonal, high fat products. Retail sales are reported to be strong as shoppers prepare for the end of the year holidays. Retail sales are also being spurred by lower shelf prices and feature activity.

CHEESE: The cheddar cheese market is mixed at the Chicago Mercantile Exchange. Most holiday orders are already through distribution channels. Spot offerings remain light. Cheese production is increasing as milk producers respond to record milk prices and affordable feed costs. Some surplus milk is already being discounted with volumes expected to increase during the holidays.

FLUID MILK: Generally, milk output is trending higher than a year ago levels in all areas. High milk prices, favorable weather, and affordable feed, are combining for a positive effect on milk flow. Processing plants are preparing for additional surplus milk that typically surfaces as year-end holidays create less fluid usage, especially as schools and colleges recess. Cream demand is good for both churning and cream-based holiday items.

DRY PRODUCTS: Nonfat dry milk prices are slightly higher in some areas as supplies are running short of full trade needs. Any shortages are expected to be short-lived as manufacturing levels will increase during the next few weeks. Buttermilk markets are weaker and prices lower as more powder is being dried and demand has evaporated. Dry whey markets are more unsettled as offering volumes are increasing in the Midwest and West. Lactose prices were lower due to contract pressure and seasonally low spot demand. Offerings are available from many sources. Whey protein concentrate prices are lower and the market tone weaker, attributed to weaker feed demand and seasonal slowness.

NOVEMBER MILK PRODUCTION (USDA, NASS): Milk production in the 20 major states during November totaled 10.9 billion pounds, 3.0% above production in these same states in November 1997. Production changes from November 1997 in the top five milk producing states were: California, +2.3%; Wisconsin, +3.9%; New York, +3.5%; Pennsylvania, +0.8%; and Minnesota, +4.1%. Milk output was steady or higher in 17 of the 20 surveyed states. October revised production, at 11.2 billion pounds was 1.7% above October 1997. Production per cow averaged 1,408 pounds for November, 39 pounds (+2.8%) above November 1997. The number of cows on farms was 7.75 million head, up 9,000 head (+0.1%) from November 1997 and unchanged from October 1998.

OCTOBER FLUID MILK SALES HIGHLIGHTS (USDA, AMS): During October, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.1% above the previous year and 0.4% above September 1998 on an adjusted daily average basis. Sales of whole milk items were 0.3% above the previous year; sales of fat-reduced milk items were 0.2% below the previous year. Cumulative total fluid items sales during January to October 1998 are 0.5% lower than the same period a year ago.

CONSUMER PRICE INDEX (BLS): The November 1998 Consumer Price Index (CPI) for all food is 162.1, up 2.3% from November 1997. The dairy products index, at 155.9, is up 6.1% from a year ago. The November to November changes in selected dairy products are: fresh whole milk +4.1%, cheese +7.4%, and butter +51.5%.

SUPPLY AND USE PROJECTIONS FOR MILK (USDA, WAOB): Milk price forecasts for 1998/99 are increased, reflecting strong cheese markets. Supply and use estimates are unchanged from last month.

FEDERAL MILK ORDER MARKET SUMMARY (USDA, AMS): During November, about 6.9 billion pounds of milk were marketed under Federal orders; an estimated 2.3 billion pounds were not pooled due to disadvantageous price relationships. Producer deliveries were about 2.4% more than November 1997, and about 1.7% more than October 1998 on an estimated daily average basis. Milk utilized in Class I products in November was 0.8% more than last year on an adjusted basis. The average blend price was \$17.06, \$2.92 more than last year.

****SPECIALS THIS ISSUE****

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CHICAGO MERCANTILE EXCHANGE CASH TRADING

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY DEC 14	TUESDAY DEC 15	WEDNESDAY DEC 16	THURSDAY DEC 17	FRIDAY DEC 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8150 (-.0450)	-.0450	\$1.8510 (-.0090)
40# BLOCKS	\$1.9000 (N.C.)	\$1.9000 (N.C.)	\$1.9000 (N.C.)	\$1.9000 (N.C.)	\$1.9000 (N.C.)	N.C.	\$1.9000 (+.0020)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1525 (-.0025)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	-.0025	\$1.1525 (-.0025)
GRADE A	\$1.1525 (-.0025)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	-.0025	\$1.1525 (-.0065)
BUTTER							
GRADE AA	NOTE: Cash butter trading will be held on Wednesdays, December 23 and 30. Cheese and NDM will not trade on Dec. 24, 25, 31, or Jan 1.				\$1.4700 (+.0750)	----	----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - December 14 - 18, 1998

MONDAY, DECEMBER 14, 1998

CHEESE -- SALES: 6 CARS BARRELS @ \$1.8600; BIDS UNFILLED: 1 CAR BARRELS @ \$1.8600; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 5 CARS EXTRA GRADE @ \$1.1100; 5 CARS GRADE A @ \$1.1100; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1525; 1 CAR GRADE A @ \$1.1525

TUESDAY, DECEMBER 15, 1998

CHEESE -- SALES: 15 CARS 40# BLOCKS: 1 @ \$1.9000, 4 @ \$1.8975, 1 @ \$1.9000, 2 @ \$1.8975, 7 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, DECEMBER 16, 1998

CHEESE -- SALES: 1 CAR BARRELS @ \$1.8600; 4 CARS 40# BLOCKS: 1 @ \$1.8975, 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.8600

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, DECEMBER 17, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.8600; 1 CAR 40# BLOCKS @ \$1.9350

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, DECEMBER 18, 1998

CHEESE -- SALES: 13 CARS BARRELS: 2 @ \$1.8575, 1 @ \$1.8550, 7 @ \$1.8575, 2 @ \$1.8100, 1 @ \$1.8150, 5 CARS 40# BLOCKS: 1 @ \$1.8975, 1 @ \$1.9000, 2 @ \$1.8975, 1 @ \$1.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.8150, 1 @ \$1.8575, 1 @ \$1.8600, 2 CARS 40# BLOCKS: 1 @ \$1.9000, 1 @ \$1.9350

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 21 CARS: 2 @ \$1.3700, 1 @ \$1.3925, 3 @ \$1.3975, 1 @ \$1.4400, 1 @ \$1.4275, 1 @ \$1.4250, 1 @ \$1.4225, 1 @ \$1.4250, 1 @ \$1.4225, 6 @ \$1.4200, 1 @ \$1.4250, 1 @ \$1.4300, 1 @ \$1.4325; BIDS UNFILLED: 64 CARS: 1 @ \$1.4700, 20 @ \$1.4675, 1 @ \$1.4650, 1 @ \$1.4625, 1 @ \$1.4600, 1 @ \$1.4575, 1 @ \$1.4550, 1 @ \$1.4525, 5 @ \$1.4500, 1 @ \$1.4475, 1 @ \$1.4450, 1 @ \$1.4425, 1 @ \$1.4400, 1 @ \$1.4350, 5 @ \$1.4300, 1 @ \$1.4275, 4 @ \$1.4250, 1 @ \$1.4200, 1 @ \$1.4025, 1 @ \$1.4000, 5 @ \$1.3975, 1 @ \$1.3950, 1 @ \$1.3925, 1 @ \$1.3900, 1 @ \$1.3875, 1 @ \$1.3850, 1 @ \$1.3825, 1 @ \$1.3800, 2 @ \$1.3700; OFFERS UNCOVERED: NONE

BUTTER MARKETS**NORTHEAST**

Premium structures are unchanged. Butter prices at the December 11 trading session of the CME decreased 1 3/4 cents to \$1.3950. The market tone is still quite firm, but last week's price decrease does signal, to some, that the price may hold or trend lower in the coming weeks. Production levels have been heavier as more cream is being offered to butter makers. Eastern producers are clearing a substantial amount of butter as retailers stock up for year end, holiday features. Printers have been very active micro fixing bulk and some are running full out to meet orders. Some note that fresh butter is still in tight supply and they are having to use bulk from their storage stocks. Distributors are very busy getting orders out to the stores this week. Food service orders are mostly steady.

CENTRAL

The butter industry continues to adjust prices following the decline in the AA butter price during December 11 cash trading at the Chicago Mercantile Exchange. The firmness in prices two weeks ago stimulated buyers to return to the market place. Also spurring sales is the time of year and stocking grocery shelves for the upcoming year-end holidays. Buying interest has been good as both retail outlets and restaurants prepare for the holidays. Stock levels are reported to be mixed. In instances, supplies are short of full needs, although most orders are being filled. Butter handlers hope that scattered retail feature activity and lower prices will encourage consumers to return to butter buying patterns. Churning schedules are lighter as cream is not readily available early in the week, but butter operations anticipated cream to be heavy during the balance of the month.

WEST

Western butter price differentials are up another two cents this week. Offerings are very light. Most bulk is moving to meet previously made contracts. Very little bulk is available to meet spot needs in the short run. Likewise, print orders are fantastic through about next Tuesday, 12/22. After that time, it will generally be too late to make any difference for holiday store needs. Retail sales are much improved related both to the holiday needs and to lower prices. Retailers are scrambling to keep store shelves stocked and they are not too concerned about price related to keeping butter on the shelf. Butter production is heavy currently. Most cream offerings are staying in localized areas and going into the churn. Some is heading to high return, seasonal, high fat products.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS
(CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE
DECEMBER 11, 1998 CLOSE = \$1.3950

STYLE	NORTHEAST	CENTRAL	WEST
BULK	-4 TO +5	flat TO +3	-3 TO +2

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
DECEMBER 12	1.8557 6,013,588	1.8300 8,481,343	1.0929 12,959,039	1.3480 4,637,727	0.2439 7,141,586

Further data and revisions may be found on the Internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher and the market tone remains firm. Contacts continue to wonder when the price spiral will come to an end. Eastern cheese makers are operating at or near capacity levels and trying to get caught up with orders for current cheese. Aged cheddar sales are good and following a typical pattern for the year end holiday season. With milk and cheese prices so high, the amount of cheddar entering aging programs is minimal at this time. Most producers do expect more milk to be available to them during the holidays when schools are on vacation. However, with milk prices so high, most producers are reluctant to take on too much milk. Retail and food service orders are generally good. The Christmas shopping season is helping food service sales.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8950-2.3825
Cheddar Single Daisies	:	1.8675-2.3825
Cheddar 40# Block	:	2.0350-2.1825
Process 5# Loaf	:	2.0475-2.2000
Process 5# Sliced	:	2.0750-2.2600
Muenster	:	2.0750-2.3900
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market tone is steady, though an unsettled undertone is developing. The weekly average for CME closing cash block cheese price increased again, as it has since daily trading was initiated on September 1. However, the CME barrel price was unchanged from the previous week. A few traders are mentioning that perhaps CME cash activity, an increased number of sales, may indicate future price weakness. Many cutter/processors will be operating on reduced schedules during the next couple of weeks, reducing the volumes of cheese needed. Product for the year end holidays is working its way through distribution channels and some firms are already operating on lighter schedules. Many buyers continue the practice of making smaller, more frequent purchases in order to maintain minimal inventories. Food service orders have aided process sales. Some buyers are committing to aging programs to ensure having necessary volumes next year. A few plants have small volumes of uncommitted product, but not clearing any distressed product. Cheese production is increasing seasonally. Extra milk volumes are expected to back into cheese production during the holiday period when schools close for the year end holidays.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	2.0300-2.2100
Brick And/Or Muenster 5#	:	2.1800-2.3675
Cheddar 40# Block	:	2.1150-2.1900
Monterey Jack 10#	:	2.1150-2.3700
Blue 5#	:	2.4950-2.7300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2200-2.2600
Grade A Swiss Cuts 6 - 9#	:	2.4900-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	DECEMBER 14 - 18, 1998
BARRELS*	:	\$1.8600 - 1.8800 (NOMINAL)
	:	(\$.0050) (.0050)
40# BLOCKS	:	\$1.9300 - 1.9500 (NOMINAL)
	:	(\$.0250) (.0150)
() Change from previous week. * If steel, barrel returned.		

WEST

Western cheese prices continue to increase related to CME activity. This week, both barrels and blocks remain very tight related to current market demand. Buyers are not able to cover needs in a timely fashion. Few undergrades are available and those that do come on the market clear very easily. Demand for mozzarella remains excellent. Swiss sales are seasonally very good. Production is expected to increase somewhat over the next two weeks. Some manufacturers will not be able to increase much since they are at seven days currently.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	2.0000-2.2675
Cheddar 40# Block	:	2.0000-2.1575
Cheddar 10# Cuts	:	2.1900-2.4175
Monterey Jack 10#	:	2.2100-2.3800
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.5400

FOREIGN

Domestic cheese prices are higher again this week. These prices have been increasing since early September. Demand for table cheeses is improving along typical seasonal patterns. Distributor stocks are adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.2300-2.8400*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.9250*
Parmesan (Italy)	: TFEWR	: 3.6400-3.6800*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.9025-2.4300*
Romano (Cows Milk)	: -0-	: 3.4075-5.7450*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-
* = Price change.		

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
12/14/98	7,276	: 100,417
12/01/98	8,530	: 97,353
CHANGE	-1,254	: 3,064
% CHANGE	-15	: 3

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announce November 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$16.67; F.O. 2, \$16.78; F.O. 4, \$17.11; F.O. 36, \$16.86; and Western NY Milk Market Area, \$16.72. During November, milk production in the 20 major states totaled 10.9 billion pounds, up 3.0% from November 1997. The following are the November to November changes for selected states: Kentucky -7.3%, Virginia -3.3%, Florida -2.7%, Texas unchanged, Pennsylvania +0.8%, Vermont +2.4%, and New York +3.5%. Currently, milk production is increasing in most areas of the East. The rates of increases are quite slow despite the mild weather across most of the region. Record high temperatures for December have been set in many areas. Fluid milk supplies are steady to heavier. Florida handlers imported 41 loads this week as bottling is increasing. This figure compares to 38 loads last week and 24 loads last year. However, contacts do note that Florida handlers are looking for outlets for their anticipated surplus milk volumes during the holiday period. Handlers in other Southeastern states reported bringing in about 40-45 loads of outside milk. Bottled milk sales are steady, but bottlers are stepping up operations to get a little ahead of projected needs. Manufacturing schedules are light to moderate, but processors are gearing up for the next couple weeks. Some extra milk was being moved around by operations that were doing some repairs and/or maintenance. There appears to be adequate capacity to handle anticipated volumes of milk during the next two weeks. The condensed skim market remains firm and prices are often higher. However, as prices move higher, buyers are switching back to using NDM. Spot demand for wet solids is slow to fair. The fluid cream market is mixed. It was firm early in the week, but is weakening as the week progresses. Spot prices are steady to lower as multiples hold where they were and the butter price is lower. Cream demand is slower. Some cream cheese operations slowed purchasing after a week of improved interest. Ice cream production is moderate to heavy as producers increase output before the holidays. Some plants close during the two-week holiday period and this is causing more cream to appear on the spot market. Egg nog production is increasing and should peak next week when New Years' orders are filled. Bottled cream sales are improving and bottlers have stepped up output. Churning ranges from light to moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6740 - 1.8972
Delivered Equivalent Atlanta	-	1.7019 - 1.9333 M 1.7577 - 1.8414
F.O.B. Producing Plants: Upper Midwest	-	1.6740 - 1.8833

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.2000 - 1.5500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
DECEMBER 11 - 17, 1998	14
PREVIOUS WEEK	17
COMPARABLE WEEK IN 1997	0

DESTINATIONS: KENTUCKY 14

Class I demand is generally good with some extra spot interest noted as bottlers and Class II manufacturers produce some last minute holiday items. Besides the milk shipments reported, 14 loads of Wisconsin milk are "direct shipped" to Missouri and 21 loads to Tennessee and pooled under a Southern Federal Order, both this week and last. Out of area shipments are probably done for

the year as reduced needs over the holidays are filled by local supplies. Handlers and dealers preparing for the upcoming holiday period are finding manufacturing plant capacity may be much more limited than in recent years. Already some discounted milk is being absorbed by manufacturing plants with reported prices from right about class prices to \$4.00 under class. Milk receipts are increasing steadily as the weather (unseasonably warm) for December, has not yet provided the usual stress to cows. Receipts at most plants are well ahead of year ago levels. Record milk prices, adequate and cheap feed supplies, and low cull cow prices provide dairymen with ample incentive to produce milk. The initial estimated November milk production in selected Midwestern states compared with November 1997 is: Wisconsin 1.799 billion pounds, an increase of 68 million pounds (3.9%); Minnesota 730 million pounds, up 29 million pounds (4.1%); Michigan 435 million pounds, up 9 million pounds (2.1%), and Iowa 336 million pounds, up 13 million pounds (4.0%). All of these states are showing increases in production per cow though with lower cow numbers. Tested hay price at some early sales have premium quality (RFV 150-180) at \$60.00-92.50 per ton and good quality (RFV 125-150) selling for \$50.00-80.00 per ton. Hay quality standards have been changed since last year.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	DEC 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 34.00	\$ 31.50- 37.00
REPLACEMENT HEIFER CALVES	\$170.00-230.00	\$110.00-165.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	DEC 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 29.00- 38.00	\$ 30.00- 35.75

W E S T

U.S. milk production in the 20 states surveyed totaled 10.9 billion pounds in November, 3.0% higher than November 1997. Production levels were steady or higher in 17 of the 20 states. October 1998 production was revised higher to 1.7% above 1997 levels. Cow numbers in November were 7.746 million head, up 9,000 (+0.1%) from a year ago. Milk per cow was 2.8% higher. November output in the five Western states surveyed compared to 1997 is: Arizona, +6.3%; California, +2.3%; Idaho, +10.6%; New Mexico, +8.8%; and Washington, +4.1%. Milk production levels continue to show increases in the Southwestern states. Weather conditions remain favorable for milk cow comfort and growth of milk output. Producers are finding good quality alfalfa harder to come by, but with current milk prices, they have the resources to pay for the hay they need. Some producers are offsetting revenues with increased purchases of feed before the year end. Other feedstuffs are in good supply at affordable prices. Producers are able to balance rations that work well. Fluid milk demand in the region is slowly beginning to switch away from school lunch needs as schools and colleges begin to recess for holiday breaks. Cream demand is good from butter churners and producers of seasonal, holiday, cream-based items. Volumes of cream moving out of the region are lower than many had expected. Western multiples are steady to higher. Only a few quotations were reported in the mid 120's to mid 130's. Several producers are selling cream for Class prices plus an overage. Conditions are cooler in the Pacific Northwest with a little less rainfall. Lot conditions remain muddy. Most producers are seeing milk output increases even though hay quality is declining. Most are stating that they are doing a better job of ration balancing. Heifer markets are very firm with only a limited test. Cull cow market prices remain depressed and volumes are down. Weather patterns are also cooling off in the Utah and Idaho region. Snow and much lower temperatures are in the forecast. A number of cheese plants in the region are running at capacity. Little surplus milk is anticipated over the year end holidays.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 12/17/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady to higher and the market tone is firm. However, increased output during the holiday period is a mixed blessing for some producers. Most want to replenish their inventories or get caught up with existing contracts, but there are rumors that prices could weaken after the first of the year. With that in mind, producers seem less anxious to build stocks. Demand is fairly good and product is clearing satisfactorily. However, current output isn't real heavy and there is plenty of capacity available during the up coming holidays should extra milk be available. The recent jump in export sales under DEIP is having little impact on Central States producers.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.1350 - 1.1675 MOSTLY: 1.1350 - 1.1400

DRY BUTTERMILK - CENTRAL

Prices are mostly lower and the market tone is weaker. Production levels are up at more plants as churning activity increases. Producer stocks are heavier than desired. Demand is sluggish and producers are lowering prices to attract interest. The lower offering prices are not attracting much new interest.

BUTTERMILK: .9000 - .9800

DRY WHEY - CENTRAL

Prices are steady to lower as offerings increase and demand slows. The market tone is weaker than it has been. Contacts report that the combination of the seasonally slow demand and increasing output is causing stocks to accumulate at the producer level. Year end inventory levels are and have been a consideration in buying strategies. However, demand has been quite slow for several weeks. Lower prices are clearing some whey, but producer stocks are still building. Traders continue to comment on the inactive market, but most attribute this to the time of the year. Production levels are increasing as more milk is available to most cheese makers.

NONHYGROSCOPIC: .2400 - .2575 MOSTLY: .2425 - .2475

ANIMAL FEED WHEY - CENTRAL

Prices are mostly unchanged, but they are lower on standard whey. Spot demand remains slow for most sectors of the animal feed market. Availability of roller ground is fairly well balanced with sales. However, milk replacer, standard, and delactose stocks are heavier than suppliers desire. The hog and veal markets remain depressed and the need/use of animal feed whey is down accordingly.

MILK REPLACER: .1800 - .2100
STANDARD: .1500 - .1800
ROLLER GROUND: .2500 - .2625
DELACTOSE (Min. 20% protein): .3275 - .3575

LACTOSE - CENTRAL AND WEST

Prices are steady to lower and the market tone is weaker. First quarter contracts are being negotiated and finalized. Prices are often lower than fourth quarter contracts. Production levels are steady to heavier and producer stocks range from balanced to heavy. Spot demand is seasonally slow. Producers hope that domestic spot interest improves after the first of the year. However, the depressed hog market is having a big impact on lactose sales into animal feed channels.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1400 - .2200 MOSTLY: .1600 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower and the market tone is weak. Contacts, at all levels of the market, report increased offerings and little demand. Producers are offering WPC to buyers at lower prices. Buyers, in turn, seem to be waiting for even lower prices. Most users have enough on hand to carry them into the new year and have little or no interest in purchasing for immediate delivery. Production levels are steady to heavier as cheese output is heavy. Traders report that market conditions are typical for this time of year.

EXTRA GRADE 34% PROTEIN: .5050 - .6000 MOSTLY: .5500 - .5850

NONFAT DRY MILK - WEST

Nonfat dry milk prices are steady for low/medium heat. The market tone is mostly steady, although some contacts are noting unsettledness. High heat prices are mixed and nominal in limited spot trading. Plant offerings are limited and little high heat is available for current shipment. Overall, NDM production levels are trending higher and expected to increase seasonally during the year end holidays. Sales of condensed skim are helping to reduce drying schedules. Demand is fair for the current limited spot offerings. However, demand is slowing as the year end is nearing. Some producers continue to fill DEIP orders and have little NDM available for current sales. Resale offerings are more available and priced at or below market. Additional product is expected as milk production increases and several producers are negotiating lower priced sales to fill new DEIP orders after the first of the year. NDM stocks range from light to moderate and are beginning to build at more plants.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1600 MOSTLY: 1.1100 - 1.1300

HIGH HEAT: 1.1500 - 1.1700

DRY BUTTERMILK - WEST

Prices are sharply lower and the market tone remains weak. Demand is limited beyond contracted needs. Interest has eroded as buyers are reluctant to take any additional powder. Year end considerations are also factors. Offerings are available from most producers. Additional production is being dried as sales of condensed buttermilk are also weak. Stocks are growing at a number of facilities across the region.

BUTTERMILK: .8800 - .9300 MOSTLY: .9000 - .9100

DRY WHEY - WEST

Both prices within the range and the mostly are showing weakness. A number of manufacturing plants have additional stocks on hand. A concern also is the slow market which normally hits at the end of the year related to the holiday season. The holidays also affect transportation. Production will be higher due to increasing volumes of surplus milk available. The U.S. will be the source for some of the whey export tenders to the Pacific Rim for first quarter delivery.

NONHYGROSCOPIC: .2300 - .2750 MOSTLY: .2375 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry milk for the seven day period ended December 11, on powder sales of 9,525,174 pounds f.o.b. California manufacturing plants was \$1.0848 per pound. This compares to 11,719,586 pounds at \$1.0673 for the previous week ending December 4, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and nominal. The market tone is quite firm. Production levels in the East are light to slightly heavier, but most producers are trying to get caught up with existing orders and have nothing to offer on the spot market. Producers are looking forward to the upcoming holidays with mixed emotions. Most welcome the expected increase in surplus milk and increased drying. However, there is also the fact that the support price for milk will drop slightly on January 1. There are also rumors/speculations that the CCC's price relationship between butter and NDM could be altered. If this is done, any NDM stocks made this holiday season might lose some value. Demand for NDM is fair to good, but starting to ease as most buyers/users have enough to carry them into the new year. Export interest is still very brisk and some producers have made some commitments make NDM for export. Some producers are reluctant to fill DEIP sales after having so little output in 1998 and are just now getting caught up with some of their export contracts. Through December 11, DEIP bid acceptances total 60,497 MT, 71.8% of the annual allocation. In the last three weeks, bids totaling 23,291 MT (more than a third of this program's total) have been accepted. This is in addition to the acceptances of 7,000 MT of reallocated NDM from previous programs.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1400 - 1.1900

HIGH HEAT: 1.1600 - 1.2000 MOSTLY: 1.1600 - 1.1700

DELVD SOUTHEAST:

ALL HEATS: 1.1600 - 1.2000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Production is steady to a little heavier and producer stocks are building. Demand is seldom better than fair. Suppliers and resellers are offering powder at lower prices and generating little buying interest.

F.O.B. NORTHEAST: .9500 - .9900

DELVD SOUTHEAST: .9600 - 1.0150

DRY WHOLE MILK - NATIONAL

Prices are steady to lower and the market tone is unchanged. Production is light to moderate and generally adequate to fill existing contracts. Producer stocks are closely balanced. Spot demand is light and often for LTL quantities. Contracts for 1999 have been or are being negotiated. Through midweek, there have been no new DEIP bid acceptances.

F.O.B. PRODUCING PLANT: 1.5900 - 1.7775

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH DECEMBER 11, 1998

WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 60,497 MT (133,371,686 LBS)

CHANGE -- 3,759 MT (8,287,091 LBS)

WHOLE MILK POWDER -- 2,580 MT (5,687,868 LBS)

CHANGE -- 500 MT (1,102,300 LBS)

CHEESE -- 2,030 MT (4,475,338 LBS)

CHANGE -- 71 MT (156,527 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 23,357 MT (55,902,042 LBS)

CHANGE -- 2,000 MT (4,409,200 LBS)

Allocations for the DEIP year beginning July 1, 1998, are: Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT; Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to lower as the market tone shows more signs of weakness. Demand remains lackluster and is a continuation of market conditions of the past month. Traders and producers note the market activity has been slow for the past several weeks. Production levels are starting to increase as more surplus milk is available. However, Eastern cheese makers are not real anxious to make too much cheese at this time. Most whey dryers are in a good supply/demand balance, but a few are reporting an extra load or two for spot sale. Year end demand is slow as users try to clean up stocks as best they can before reordering.

F.O.B. NORTHEAST: EXTRA GRAD .2475 - .2525

USPH GRADE .2500 - .2600

DELVD SOUTHEAST: .2650 - .2825

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone continues to be weak. Offerings of "off grade" whey to animal feed makers/users are heavy and suppliers are discounting prices to attract interest. Despite the attractive prices, there is little spot demand in the animal feed market.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are light to moderate despite increasing surplus milk volumes. The high prices of milk are a major factor in producers' decisions to build stocks. Demand for canned evaporated milk is seasonally good as baking is in full swing and retail promotions are commonplace. Producers' shipments are mostly for last minute or contractual volumes. Most holiday related needs were shipped some time ago.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein types are unchanged. The market undertone remains weak in light to fair trading. Few spot sales are currently trading. Contract sales are indicated to be moving on a timely basis. Both acid and rennet are available for immediate shipment as stocks are in suppliers storage.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.9500 - 2.1000

ACID: 1.9000 - 2.0500

NOVEMBER MILK PRODUCTION

Milk production in the 20 major states during November totaled 10.9 billion pounds, 3.0 percent above production in these same states in November 1997. October revised production, at 11.2 billion pounds was 1.7 percent above October 1997.

Production per cow in the 20 major states averaged 1,408 pounds for November, 39 pounds above November 1997.

The number of cows on farms in the 20 major states was 7.75 million head, up 9,000 head from November 1997 and unchanged from October 1998.

NOVEMBER 1998 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1997	1998	1997	1998	1997	1998	% CHANGE FROM 1997
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	130	132	1,600	1,675	208	221	6.3
CA	1,343	1,394	1,685	1,660	2,263	2,314	2.3
FL	159	158	1,165	1,140	185	180	-2.7
ID	280	300	1,550	1,600	434	480	10.6
IL	145	139	1,250	1,320	181	183	1.1
IN	140	142	1,250	1,285	175	182	4.0
IA	241	240	1,340	1,400	323	336	4.0
KY	141	131	970	970	137	127	-7.3
MI	301	298	1,415	1,460	426	435	2.1
MN	570	555	1,230	1,315	701	730	4.1
MO	164	164	1,090	1,140	179	187	4.5
NM	206	219	1,590	1,630	328	357	8.8
NY	699	702	1,290	1,330	902	934	3.5
OH	274	266	1,260	1,305	345	347	0.6
PA	640	631	1,350	1,380	864	871	0.8
TX	380	367	1,155	1,195	439	439	---
VT	159	160	1,305	1,325	207	212	2.4
VA	120	120	1,260	1,215	151	146	-3.3
WA	260	260	1,585	1,650	412	429	4.1
WI	1,385	1,368	1,250	1,315	1,731	1,799	3.9
20 STATE TOTAL	7,737	7,746	1,369	1,408	10,591	10,909	3.0

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (12-98), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

ESTIMATED U.S. SUPPLY AND USE PROJECTIONS FOR MILK*

Milk price forecasts for 1998/99 are increased, reflecting strong cheese markets. Supply and use estimates are unchanged from last month.

U.S. MILK SUPPLY AND USE

Item	1996/97 <u>1/</u>	1997/98 Projection <u>1/</u>		1998/99 Projection <u>1/</u>	
		November	December	November	December
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS <u>2/</u> <u>23/</u>	4.9	5.9	5.9	5.8	5.8
PRODUCTION	156.4	157.0	157.0	159.3	159.3
FARM USE	1.4	1.4	1.4	1.3	1.3
MARKETINGS	155.0	155.6	155.6	158.0	158.0
IMPORTS <u>2/</u>	2.8	4.0	4.0	3.8	3.8
TOTAL COMMERCIAL SUPPLY <u>2/</u>	162.7	165.6	165.6	167.5	167.5
USE					
COMMERCIAL USE <u>2/</u> <u>3/</u>	156.1	159.1	159.1	161.4	161.4
ENDING COMMERCIAL STOCKS <u>2/</u>	5.9	5.8	5.8	5.8	5.8
CCC NET REMOVALS:					
MILKFAT BASIS <u>4/</u>	0.7	0.7	0.7	0.3	0.3
SKIM SOLIDS BASIS <u>4/</u>	2.7	4.5	4.5	3.5	3.5
		DOLLARS PER CWT.			
PRICES RECEIVED BY FARMERS <u>5/</u>					
BASIC FORMULA (BFP)	11.88	13.28	13.28	12.80-13.50	13.45-14.05
ALL MILK <u>6/</u>	13.53	14.56	14.56	14.55-15.25	15.10-15.70
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS <u>4/</u>					
BUTTER	24	21	21	5	5
CHEESE	10	8	8	7	7
NONFAT DRY MILK	222	368	368	285	285
	QUARTERLY <u>7/</u>			ANNUAL <u>7/</u>	
	1998 IV	1999 I	1999 II	1998	1999
	BILLION POUNDS				
MILK PRODUCTION	38.5	39.8	41.5	157.4	160.1
	DOLLARS PER CWT.				
ALL MILK PRICE <u>4/</u> <u>5/</u>	17.75-17.95	16.85-17.35	13.10-13.90	15.35-15.45	14.20-15.00
BASIC FORMULA PRICE <u>4/</u>	16.55-16.75	14.30-14.80	11.45-12.25	14.15-14.25	12.45-13.25

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: James E. Nix, Chairman, WAOB; Arthur Coffing, FAS; Robert R. Miller, AMS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-345, World Agricultural Outlook Board, USDA, December 11, 1998.

OCTOBER FLUID MILK SALES HIGHLIGHTS

During October, sales of fluid milk products in comparable Federal milk order marketing areas and California were 0.1 percent above the previous year and 0.4 percent above September 1998 on an adjusted daily average basis. Sales of whole milk items were 0.3 percent above the previous year; sales of fat-reduced milk items were 0.2 percent below the previous year. Total fluid milk sales were lower in the Far West, unchanged in the Southeast, and higher in all other regions.

**SUMMARY OF PACKAGED SALES OF WHOLE MILK ITEMS, FAT-REDUCED MILK ITEMS, AND TOTAL FLUID MILK ITEMS IN FEDERAL MILK ORDER
MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, OCTOBER 1998, WITH COMPARISONS 1/**

Region 4/	Whole Milk Items 2/				Fat-reduced Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Oct	Year to date	Prev. year 5/	Year to date 5/	Oct	Year to date	Prev. year 5/	Year to date 5/	Oct	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	355	3,388	-0.9	-1.9	486	4,510	1.2	-0.1	841	7,898	0.4	-0.9
Southeastern	349	3,322	0.3	-1.4	467	4,386	-0.2	0.3	816	7,708	0	-0.4
Midwest	279	2,618	2.4	1.3	1,001	9,269	0.2	-0.5	1,281	11,887	0.8	-0.1
Southwest	177	1,685	1.4	0.5	222	2,052	-0.3	0.3	400	3,737	0.5	0.4
Far West	349	3,327	-0.6	-0.8	717	6,718	-1.6	-1.3	1,066	10,045	-1.2	-1.1
All Areas Combined	1,510	14,341	0.3	-0.7	2,893	26,934	-0.2	-0.5	4,403	41,275	0.1	-0.5

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 90 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 65, report #12. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition. See DMN Vol. 59, report #13.

**PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN
ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, SEPTEMBER 1998,
WITH COMPARISONS 1/**

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,437	0.3	-0.8
Reduced Fat Milk (2%)	1,307	-2.1	-2.5
Low Fat Milk (1%) 3/	682	2.1	2.4
Fat-Free Milk (Skim)	706	-0.1	0.9
Buttermilk	47	-3.4	-1.6
Total Fluid Milk Products 4/	4,192	-0.2	-0.6

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Tennessee Valley market, which was terminated October 1, 1997, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

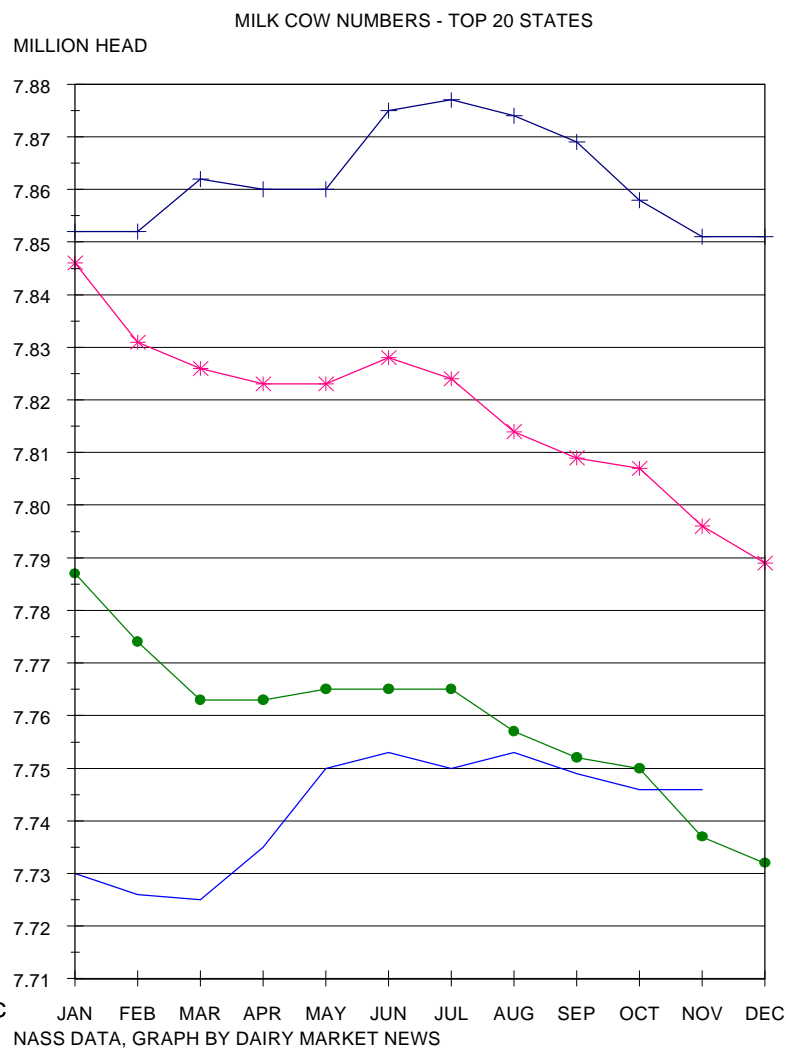
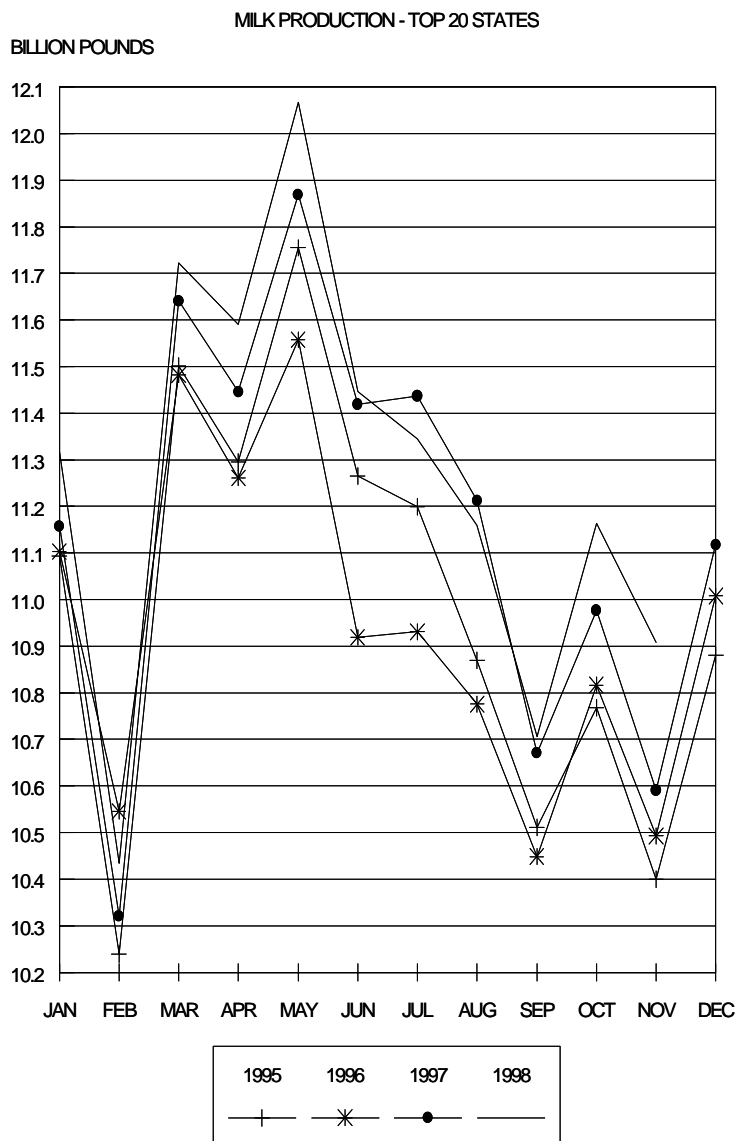
2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
SEPT 1998	161.1	2.0	152.9	6.6	150.8	8.5	154.1	4.6	176.5	55.0	147.5	-1.1
OCT 1988	162.0	2.4	155.0	6.4	150.9	5.0	156.8	7.0	194.2	69.6	148.0	-0.6
NOV 1998	162.1	2.3	155.9	6.1	151.9	4.1	158.2	7.4	187.0	51.5	147.9	-0.9
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
SEPT	2.757	2.533	2.622	2.307	3.387	2.144	3.617	3.359	3.587	NA	3.184	2.895
OCT	2.785	2.635	2.658	2.391	3.802	2.181	3.630	3.419	3.671	NA	3.272	2.925
NOV	2.800	2.678	2.651	2.427	3.623	2.360	3.803	3.497	3.657	3.392	3.373	2.928

* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.



NASS DATA, GRAPH BY DAIRY MARKET NEWS

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR NOVEMBER 1998. During November, about 6.9 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in November 1998 and 1997, the following comparisons involving producer deliveries have been estimated.) Producer deliveries were about 2.4 percent more than November 1997, and about 1.7 percent more than October 1998 on a daily average basis. Milk utilized in Class I products in November was 0.8 percent more than last year on an adjusted basis. Class I use this year represented 54 percent of producer milk deliveries compared to 43 percent in November 1997. The average blend price was \$17.06 per cwt., \$2.92 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$2.31; Class II, up \$2.31; Class III, up \$3.88; and Class III-A, up \$0.86.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF NOVEMBER 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	461.6	2.4	220.3	-1.1	48	49	17.39	14.82	17.8
New York/New Jersey (NY City)	2	916.8	-2.0	406.6	0.6	44	43	17.50	14.58	17.8
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	480.2	2.7	220.1	-4.1	46	49	17.11	14.62	---
NORTHEAST REGION		1,858.5	0.3	847.0	-1.1	46	46	17.37	14.65	17.8
Carolina (Charlotte)	5	249.8	8.9	198.2	9.2	79	79	17.73	15.29	17.8
Southeast (Atlanta/Birmingham)	7	475.4	-3.7	387.2	-1.2	81	79	17.92	15.33	17.8
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 <u>4/</u>	219.7	-3.9	191.7	-2.8	87	86	18.48	16.05	17.8
SOUTHEASTERN REGION	<u>5/</u>	219.7	-3.9	191.7	-2.8	87	86	18.48	16.05	17.8
Michigan Upper Peninsula (Marquette)	44*	4.8	-13.9	4.4	7.3	91	73	16.46	13.81	17.8
Southern Michigan (Detroit)	40*	345.1	3.4	178.0	4.8	52	51	16.45	13.78	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	263.4	0.0	146.8	3.3	56	54	16.86	13.97	---
Ohio Valley (Columbus)	33*	201.8	-16.5	136.1	4.1	67	54	16.69	14.05	---
Indiana (Indianapolis)	49*	147.9	-4.7	99.0	4.4	67	61	16.54	14.13	---
Chicago Regional	30*	523.2	-55.1	217.8	1.7	42	18	16.39	13.34	---
Central Illinois (Peoria)	50*	16.4	11.7	14.1	17.3	86	82	16.69	14.16	17.8
S. Illinois-E. Missouri (Alton)	32*	121.7	-12.5	81.2	-1.1	67	59	16.65	14.13	17.8
Louisville-Lexington-Evansville	46	104.8	-6.9	81.5	0.2	78	72	16.89	14.38	17.8
Upper Midwest (Minneapolis)	68*	246.2	-70.2	143.0	6.4	58	16	16.36	13.18	---
Iowa (Des Moines)	79*	147.9	-47.3	87.3	3.8	59	30	16.36	13.48	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	94.3	-20.4	50.2	-0.7	53	43	16.10	13.68	---
Greater Kansas City/E. S. Dakota	64* <u>6/ 7/</u>	44.6	11.9	---	---	---	---	16.92	14.51	17.8
MIDWEST REGION	<u>5/</u>	1,964.7	-39.8	1,070.6	3.5	54	32	16.51	13.54	17.8

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF NOVEMBER 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106*	211.0	-17.5	120.1	-1.5	57	48	17.40	14.41	17.8
Texas (Dallas)	126*	410.1	-15.5	265.8	2.2	65	54	17.44	14.70	17.8
SOUTHWEST REGION		621.2	-16.2	385.8	1.0	62	52	17.43	14.60	17.8
E. Colorado/W. Colorado (Denver)	137 <u>7/</u>	132.9	-5.0	69.5	6.0	52	47	17.18	14.22	17.8
SW. Idaho/E. Oregon (Boise)	135*	46.8	-54.3	15.4	6.4	33	14	16.64	13.17	---
Great Basin (Salt Lake City)	139*	133.7	-26.5	74.4	6.5	56	38	16.67	13.75	---
Central Arizona (Phoenix)	131	212.8	5.7	83.9	2.1	39	41	16.74	14.07	17.8
New Mexico-West Texas (Albuquerque)	138*	138.2	-15.3	51.8	0.5	37	32	16.89	13.73	17.8
Pacific Northwest (Seattle/Portland)	124	535.7	4.9	177.4	3.6	33	34	16.40	13.79	---
FAR WEST REGION		1,200.3	-7.7	472.4	3.9	39	35	16.64	13.82	17.8
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	5,864.4*	-20.6*	2,967.6	1.4	51	40	16.98	14.05	17.8
ALL-MKT. AVERAGE OR TOTAL	<u>6/ 8/</u>	6,887.0*	-19.4*	3,721.8	1.6	54	43	17.06	14.14	17.8
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		21,966.1*	1.2*	9,376.7	0.1	43	43			
Southeastern Region	<u>5/</u>	2,559.6	-3.5	2,224.5	-0.8	87	84			
Midwest Region	<u>5/</u>	32,025.0*	-7.5*	11,748.2	-0.1	37	34			
Southwest Region		8,091.6*	-7.1*	4,261.3	-2.5	53	50			
Far West Region		14,845.5*	-6.7*	5,174.3	-0.4	35	33			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	79,488.0*	-4.9*	32,785.0	-0.4	41	39	14.59	12.88	----
ALL MARKET AVERAGE OR TOTAL	<u>6/ 8/</u>	91,793.3*	-4.7*	41,078.4	0.1	45	43	14.70	12.99	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 2.3 billion and 400 million pounds of milk in November 1998 and 1997, respectively, that normally would have been pooled under these orders. The total estimated amount not pooled for this reason through the month of November are: for 1998, 13.7 billion pounds; and for 1997, 7.8 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for November, Midwest region +4.1, Southwest region -2.9; Far West region +8.1, comparable market average +3.0, and all market average +2.4. Year to date, Northeast region +1.5, Midwest region +0.9, Southwest region -2.3, Far West region +5.3, comparable market average +1.4, and all-market average +1.2. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$18.28. (4.0 minus 3.5 equals .5; 5 times \$.178 equals \$0.890; \$17.39 plus \$0.890 equals \$18.280.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1998, \$18.44; 1997, \$15.99; and Southeastern Florida: 1998, \$18.97; and 1997, \$16.61. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1997-98 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; some of the data during this period could not be released without revealing individual business operations. Due to the termination of the Tennessee Valley order, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded, where applicable. Most of the milk that would have been pooled under the terminated order was pooled under these three orders. 6/ Class I receipt and utilization data for the Iowa and Greater Kansas City/Eastern South Dakota areas are excluded from all-market figures; see 5/. 7/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1998, \$16.61; 1997, \$13.61 and Western Colorado: 1998, \$16.96; 1997, \$14.47. 8/ The data for 1997 includes the Tennessee Valley marketing area; see 5/.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF DECEMBER 14 - 18, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
TOTAL				SINCE				PERIOD ENDING			
PURCHASES				10/01/98				12/11/98			
ADJUSTMENTS				LAST YEAR				LAST YEAR			
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	-0-	-0-	-0-	-0-	103,384	2,146,083	9,912,000	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	103,384	2,146,083	9,912,000	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

				MILKFAT*	SKIM**					MILKFAT*	SKIM**
				BASIS	SOLIDS					BASIS	SOLIDS
WEEK OF DECEMBER 14 - 18, 1998 =				0.0	0.0	COMPARABLE WEEK IN 1997 =				0.1	6.0
CUMULATIVE SINCE OCTOBER 1, 1998 =				0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =				0.4	25.0
CUMULATIVE JANUARY 1 - DECEMBER 18, 1998 =				25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =				25.1	415.4

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL											
BUTTER				CHEESE				NONFAT DRY MILK			
1998/99				1998/99				1998/99			
1997/98				1997/98				1997/98			
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	-0-	-0-	103,384	2,035,908	100.0	94.9	94.9
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	110,175	0.0	5.1	5.1
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	103,384	2,146,083	100.0	100.0	100.0

SELLBACK TO THE TRADE**NONFAT DRY MILK (POUNDS)****MILK EQUIVALENT - MILKFAT BASIS* - MILLION POUNDS**

PERIOD OF DEC 4 - 17	0	0.0
CUMULATIVE SINCE 10/1/98	13,806,896	3.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075

NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 11/28/98 & Comparable Week 1997 1/ 2/													
Regions*											U.S. TOTAL		
											% DAIRY OF ALL		
											WEEK : SINCE JAN 1		
1998-Dairy cows HD (000)	0.2	1.1	6.6	4.3	18.3	1.8	2.5	0.7	7.5	2.0	44.9	2,419.4	43.3
1997-Dairy cows HD (000)	0.2	1.4	7.2	4.8	23.2	2.1	2.8	0.7	7.6	1.9	52.0	2,675.6	43.8
1998-All cows HD (000)	0.2	1.1	9.0	9.8	26.3	16.4	17.5	5.7	10.4	7.2	103.7	5,389.3	45.5
1997-All cows HD (000)	0.2	1.4	9.8	14.6	32.8	16.3	18.5	7.5	9.6	7.9	118.7	5,882.1	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES 12/17

PROCESS				FEBRUARY DELIVERY				JANUARY-JUNE DELIVERY			
2# LOAVES				396,000				792,000			
5# LOAVES				594,000				\$2.0980-2.1080			
SLICED				1,584,000				\$2.1980-2.2380			
MOZZARELLA											
LMPS				3,104,640				\$1.7612-1.8500			
CHEDDAR											
SHREDDED				345,600				\$2.0200			
REDUCED FAT - CUTS				199,750				\$2.4100			
REDUCED FAT - SHREDDED				115,200				\$2.3547-2.3674			
BARRELS				160,000				\$1.8200			

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 30,535,281

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	